

July 6, 2005

Regulatory Analysis and Development
PPD. APHIS, Station 3C71
4700 River Road Unit 118
Riverdale, MD 20737-1238

RE: Docket No. 05-015-1

Dear Mr. Hammerschmidt:

Illinois Beef Association (IBA) IBA is grateful for the opportunity to provide comments to USDA regarding the National Animal Identification System (NAIS) and the Draft Strategic Plan for 2005 to 2009.

IBA believes it is imperative to understand and endorse the concept that successful disease prevention and eradication efforts will result only from a strong and effective infrastructure that supports federal, state and industry partnerships. This arrangement has the ability to protect the health of the US cowherd and the interests of consumers.

IBA supports the goal of being able to identify all animals and premises that have had contact with a foreign or domestic animal disease within 48 hours after discovery. We further support the concept of a system that provides for rapid tracing of infected and exposed animals during an outbreak situation to limit the effect of those outbreaks and ensure that they are contained and eradicated as quickly as possible. A disease such as FMD has the ability to economically cripple the Illinois and US herd and this risk must be contained.

The need for additional tools, like animal identification, to help speed the traceback of animals or enhance our ability to provide better disease surveillance/tracking is generally accepted by Illinois beef producers. Those who are hesitant are concerned with their small herd size and financial and technical ability to accomplish animal ID as well as the lack of details that USDA has given-to-date on actual implementation.

This issue is of paramount interest to our producers, the beef industry at large and our global customers. As a result, IBA has spent the last two years talking to producers about Animal ID and getting their input. We have worked with National Cattlemen's Beef Association (NCBA) extensively over the past two years to help develop solutions that meet the needs of the USDA and APHIS as well as the needs of our cattlemen and the beef industry.

Confidentiality: IBA is very concerned with the ability of USDA to truly provide confidentiality to information maintained within a database held by USDA or states. Recent events surrounding Bovine Spongiform Encephalopathy (BSE) investigations clearly show that information related to an investigation can be requested through

freedom of information (FOIA) channels. State and federal agencies have little or no ability to maintain confidentiality of information that can and does cause harm to producers and the industry both in economic terms and in their relationships to others in the industry. While the system must be readily available for the needs of state and federal animal health officials, it must also provide clear protections for producers and their interests.

As a result of this concern, we support NCBA's initiative to develop a cost recovery business system of a single/central national database that will allow appropriate access to animal health officials. At the same time it will be able to protect producer information in a business setting that better respects confidential business information.

Flexibility: IBA agrees with stakeholder comments that the system must be flexible and able to accept data from existing systems. While much of the industry is preparing to implement Radio Frequency Identification Device (RFID) systems, there are numerous systems already in place that provide animal identification and traceback capability for purebred and commercial herds. IBA further believes that effective and established state and regional efforts in the beef and dairy industry must be able to coordinate with any national effort.

The database should have the ability to support information transfers throughout the chain. There is a dramatic need to allow the database to provide additional economic incentives for producers all the while protecting that information in a confidential environment. Today there are significant economic benefits to producers that can provide information about their cattle to those further down the chain of ownership—we applaud this economic activity but realize that it goes well beyond the scope of the NAIS. Therein lays a primary reason why we support NCBA's pursuit of a single private central database that provides for the appropriate access to state and federal officials and allows producers to further utilize technology for their own economic interest.

Financial: Illinois beef producers have various concerns relative to the costs associated with NAIS. Early estimates of the costs are significantly higher than those requested by USDA throughout the appropriations process indicating that USDA clearly expects producers and the industry to pay for the majority of the expense of the system. IBA agrees that producers should have a financial stake in the system. We also believe that producers should be allowed to use the system (if they so desire) to create economic returns through the system.

A primary barrier to acceptance and utilization of a USDA managed system is that NAIS provides no mechanism nor any ability for economic returns in the system to be passed down to cow/calf producers, who will likely experience the greatest implementation costs over time. Even with the development of a USDA database for animal movements and the expense associated with the operation of such a database, private industry would have to create a private system to allow producers to receive economic incentives for production practices.

IBA will work with NCBA, USDA and Congress to ensure that adequate funding is available for activities related to animal health surveillance, foreign animal disease prevention and disease prevention programs—including premises registration activities already underway with states. IBA will not support efforts that duplicate existing systems or further burden existing systems without providing clear incentives for the producers and markets that will stand the brunt of expense for the system.

Mandatory Participation/Timeline: A significant challenge within the strategic plan will be the transition to mandatory participation based on a number of criteria. The plan depends heavily on “voluntary producer participation” without the ability to provide incentives, economic or otherwise, to encourage participation. After the voluntary phase producers will be forced to participate in a system that is yet to be BETA tested at a significant level in real world settings. The industry technology solutions currently available are not generally capable of operating at the speed of commerce in traditional marketing systems without significant costs. And producer concerns over the unanswered confidentiality and data storage issues remain as major stumbling blocks to industry buy-in.

IBA believes that significant progress can be made through a true partnership of private and public interests allowing for the majority of producers to participate in a system—voluntarily. We also believe that market value differentiation along with a more well-defined system long term will motivate producers to participate.

We have clearly communicated to our members that the program will likely be mandated at some point in the future; however, it remains unclear within the draft what circumstances will result from deviations in the timeline. There appears to be no clear indicators of the USDA’s actions if Congress refuses to pass meaningful confidentiality protections. If timelines are not met and systems (technology) cannot meet market operational standards for time, speed and accuracy in a cost effective manner—will USDA reconsider their timeline?

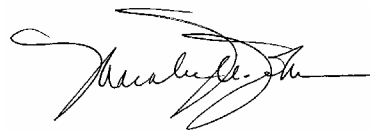
IBA believes an arbitrary timeline to reach mandatory status merely confuses the true goals of the program which is to achieve trace back of animals within 48 hours. Industry timelines for reaching significant milestones are much shorter than those identified in the draft plan. The timeline established by the department should be goal focused, and not date oriented. Industry stakeholders are working with date centered timelines for specific product developments based on market conditions and technology improvements—that responsibility should remain with those that will actually utilize the systems.

Once again, thank you for allowing Illinois Beef Association on behalf of their 14,800 producers to comment on this very important initiative.

Sincerely,



Curt Rincker
IBA President



Maralee M. Johnson
IBA Executive Vice President